

memorandum

Date: November 18, 2010

To: Chair Lorenz and Members of the Planning Commission

From: Lori Taylor, Economic Development Director
Brian Millar, Project Manager/Consultant

Re: Update on South Fremont/Warm Springs Area Studies

Tonight, staff will provide the Commission with an update on the South Fremont/Warm Springs Area Studies. This update will include background information, findings to date, and next steps.

Background: On April 9, 2010, the City was granted an award of \$333,000 from the U.S. Economic Development Administration (EDA) to prepare planning and technical studies for the reuse and revitalization of the former-NUMMI site (known as the Warm Springs/South Fremont Area Studies). The study area for this project is approximately 850-acres surrounding the former-NUMMI site, and is generally bounded by I-880 to west, I-680 to the east, Mission Boulevard to the south, and the Alameda County Flood Control closed channel to the north (see attached map).

On June 8, 2010, Council authorized staff to appropriate \$333,000 in EDA grant funds and \$83,250 in City matching funds. The use of the EDA funds will support four main study components:

- ✓ ***Economic and Market Strategic Plan:*** This plan will identify the short-term market (immediate to 10 years timeframe) for the site, as well as recommend how best to accommodate the potential future market uses over the longer term (up to 30 years).
- ✓ ***Land Use Alternatives Study:*** This study will evaluate and recommend land use policy options for the type and level of development over the middle- and long-term that can accommodate market changes over time.
- ✓ ***Infrastructure and Cost Analysis:*** This analysis will identify the physical opportunities and constraints for developing the study area, including an assessment of critical infrastructure needs for each land use alternative.
- ✓ ***Financial Assessment:*** This assessment will examine the financial feasibility of the land uses being considered.

Consultant selection: Following issuance of an RFP, receipt of 12 consultant responses and subsequent interviews by the City, City Council awarded a contract to the firm of Perkins + Will on July 27, 2010 to lead a team of consultants in preparing the studies. The following subconsultants are included as part of the P+W team:

- ✓ *Economic and Planning Systems (EPS)* will prepare the *Economic and Market Strategic Plan* and *Financial Assessment*;
- ✓ *Strategic Economics*, working with EPS, will also prepare the *Economic and Market Strategic Plan* and *Financial Assessment*;
- ✓ *BKF Engineers* will prepare utility and infrastructure planning components of the *Infrastructure and Cost Analysis*; and
- ✓ *Fehr & Peers* will prepare the traffic/transportation components of the *Infrastructure and Cost Analysis*.

Since EDA's award of the grant to the City, activities completed to date include:

- ✓ *Consultant and Schedule Coordination:* Given the aggressive schedule to complete the four studies, coordination and management of the project schedule and product delivery is critical to ensure successful completion of the project. As with any major community planning effort, extensive amounts of time have been spent coordinating the best approach to complete the four studies. With the extensiveness of coordination required, including ensuring for ample public outreach, discussions with City Council, and review of products before critical public review dates, the studies will be completed in June 2011.
- ✓ *Community Survey:* In April and May 2010, a survey was posted on the City's website to solicit community input about the project area, including community values, goals, and vision about the site and surrounding area. In total, 649 persons responded to the survey over the two-month period. Survey results have been used to inform the decision making process for the studies, and are posted to the City website at: <http://www.fremont.gov/DocumentView.aspx?DID=3820>.
- ✓ *City Council Coordination:* City staff has conducted monthly work sessions with the City Council on the progress of the project, including updates on issues arising with preparation of the studies and strategies of public outreach.
- ✓ *Purchase of a Portion of the NUMMI Property:* The NUMMI site is comprised of three parcels: a vacant 107-acre northern parcel; a 209-acre central parcel that is developed with the automobile manufacturing plant; and a vacant 60-acre southern parcel. In May 2010, Tesla Motors, Inc., announced their intention to purchase the center 209-acre parcel with the auto plant to build their Model S electric sedan and future Tesla vehicles. On October 1, 2010, Tesla took ownership of the former NUMMI plant. Tesla anticipates rolling out the first production of the Model S sedan in 2012. Tesla has stated it intends to hire approximately 1,000 workers for the Model S sedan line.

At the time Tesla made its May 2010 announcement, City staff coordinated with EDA staff to confirm the grant award remained valid. EDA staff confirmed that, “From the perspective of [the] EDA, the purpose of the grant is to assist the City of Fremont in development of long-term solutions and alternatives pertinent to economic activity that would take place in the community whether or not automobile manufacturing occurs within the corporate limits of Fremont.” EDA staff further confirmed that the Tesla/Toyota partnership and purchase of a portion of the NUMMI-owned properties “does not invalidate the grant award.” As planned, the City has proceeded with the studies, adjusting the scope to incorporate operation of the auto plant by Tesla.

- ✓ *Initiation of background research:* Since initiating work on the project in August 2010, the two economic firms have presented preliminary findings of their research on the state of residential, retail, industrial, and hotel economies in the market area. This research helps form baseline market and transformational opportunities information for the *Economic and Market Strategic Plan* component of the studies. The other consultants have been engaged in establishing the opportunities and constraints analysis for the project area that will inform the *Land Use Alternatives Study*, *Infrastructure and Cost Analysis*, and *Financial Assessment*.
- ✓ *Establishment of Study Area Goals:* Also critical to establishing the ultimate land use alternatives for the studies is establishment of the goals for the study area. These goals have been established with community input and City Council direction and confirmation. A copy of the goals is attached.
- ✓ *Outreach to Stakeholders:* As part of the background research, City staff and the consultant team conducted a series of stakeholder interviews with representatives of local businesses, land owners, workforce and labor, real estate/brokers, developers, transit agencies, regional economic development interests, technology firms, and NUMMI and Tesla. The intent of the stakeholder interviews was to gain input on how the NUMMI facility and surrounding lands could or should be used, focusing on opportunities for reuse and revitalization of lands that will help create new jobs and support the City in establishing both a short- and long-term vision of the study area.

Description of Tasks in Progress: The first two studies (Economic and Market Strategic Plan, and the Land Use Alternatives) are moving towards completion, expected in January 2011. While a number of the final products are still in-progress, City staff and the consultant team will conclude final information-gathering tasks over the next few months, including:

- ✓ *White Paper:* Based on the research and information gathered about the study area, a *White Paper* is being drafted that will describe the range of opportunities for the study area that may provide transformational options and act as near term catalysts for change and longer term potential for the area.
- ✓ *Expert Panel:* An Expert Panel comprised of representatives of government, academia, industry, and the development community was scheduled to convene on November 15, 2010. Using the White Paper as background on the study area, the intent of the Expert Panel is to obtain input from both regional and national experts regarding:

1) the future of manufacturing regionally and nationally; 2) emerging industry trends; 3) major opportunities for reuse and redevelopment in the study area; and 4) key policy actions to support a sustainable future in Fremont.

- ✓ *Community Workshops:* Before the end of 2010, three community workshops will occur to provide information to the public about the project, receive input about the public's vision for the study area, and report back to the public the results of the various studies. Public workshops have or will occur on: October 4, 2010 (81 persons attended this workshop); November 6, 2010 (~80 persons attended this workshop, with ~30 attending the session on South Fremont/Warm Springs); and December 6, 2010.

Next Steps: After the December 6 community workshop, the consultant team will proceed with completing the four studies, anticipated in Spring 2011. Staff will provide copies of the studies to the Commission along with periodic updates as the study process moves ahead. The studies will inform the preparation of an anticipated Community Plan for the 850-acre study area. The Community Plan is expected to get underway in June 2011, and will include additional community input opportunities.

Enclosures:

- ✓ Study area background information (including maps and Goals)